

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01

DOE-11 /117 W

-----124326 160643Z /11

R 151838Z MAR 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4187

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

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USEEC ALSO FOR EMBASSY

USMTN ALSO FOR MISSION

USOECN ALSO FOR EMBASSY

E.O.11652: N/A

TAGS: ETRD, UK, US

SUBJECT: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL

REF: STATE 61254

1. TAKEN TOGETHER, THE UK CENTRAL GOVERNMENT, RELATED

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AGENCIES, NATIONALIZED INDUSTRIES AND LOCAL GOVERNMENTS

ARE SIGNIFICANT PURCHASERS OF U.S. PRODUCTS. THE PRO-

POSED LEGISLATION DESCRIBED IN REFTEL COULD DIRECTLY

JEOPARDIZE SALES OF SOME U.S. GOODS TO BRITISH GOVERNMENT

ENTITIES AND INDIRECTLY FUEL UK PROTECTIONIST FORCES.

2. EXACT FIGURES ARE NOT IMMEDIATELY AVAILABLE, BUT

GOVERNMENT PURCHASES OF U.S. GOODS IN THE FOLLOWING CATEGORIES PROVIDE A FAIRLY ACCURATE ORDER OF MAGNITUDE FOR THE UK DURING FY '77 (APRIL 1976 - MARCH 1977). AN AVERAGE EXCHANGE RATE OF ONE DOLLAR EQUALS 1.73 POUNDS HAS BEEN USED IN MAKING CONVERSIONS.

(A) CENTRAL GOVERNMENT PURCHASES WERE APPROXIMATELY \$38 MILLION. THE MAJOR PURCHASERS WERE MINISTRY OF DEFENSE (\$17 MILLION FOR "CIVILIAN-TYPE" EQUIPMENT), DEPARTMENT OF HEALTH AND SOCIAL SERVICES (\$5 MILLION FOR MEDICAL EQUIPMENT) AND HM STATIONERY OFFICE (\$4.3 MILLION FOR CHEMICALS AND INSTRUMENTS).

(B) THE UK POST OFFICE, A QUASI-GOVERNMENT "PUBLIC AUTHORITY" PURCHASED \$5.2 MILLION IN U.S. COMMUNICATIONS EQUIPMENT.

(C) LOCAL GOVERNMENT PURCHASES FROM U.S. WERE APPROXIMATELY \$17.3 MILLION AND COVERED A WIDE RANGE OF GOODS.

(D) "OTHER PURCHASES" ARE ESTIMATED TO HAVE BEEN APPROXIMATELY \$3.5 MILLION.

3. THE MAJOR AREA OF UK GOVERNMENT PROCUREMENT FROM THE U.S. IS IN THE CIVIL AVIATION FIELD. BRITISH AIRWAYS, A NATIONALIZED COMPANY WHICH OPERATES RELATIVELY INDEPENDENTLY, HAS PURCHASED \$2.1 BILLION IN COMMERCIAL AIRCRAFT FROM THE U.S. DURING THE PAST FIVE TO SIX YEARS. THIS INCLUDES 27 BOEING 747S (APPROXIMATELY \$55 MILLION EACH) AND 15 LOCKHEED 1011S (APPROXIMATELY \$40 MILLION EACH).
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IN ADDITION, APPROXIMATELY \$1.2 MILLION IN AIRPORT GROUND EQUIPMENT WAS PURCHASED FROM THE U.S. IN 1976.

4. EXAMPLES OF RECENT MAJOR PURCHASES ARE THE FOLLOWING:

(A) IN AUGUST, 1976, BRITISH AIRWAYS PURCHASED SIX LOCKHEED 1011S AND SPARES FOR A TOTAL VALUE OF \$432 MILLION.

(B) THE POST OFFICE RECENTLY PURCHASED A COMPUTER-AIDED AUTOMATIC DRAFTING SYSTEM FROM A VIRGINIA FIRM WITH THE TOTAL VALUE ESTIMATED TO BE CLOSE TO \$400,000.

(C) HONEYWELL RECENTLY SOLD A MAJOR COMPUTER SYSTEM TO THE EAST ANGLIA WATER AUTHORITY, NOTWITHSTANDING THE FACT THAT THE BRITISH FIRM OF ICL IS NORMALLY GIVEN PREFERENCE BY THE UK GOVERNMENT IN THE PURCHASE OF LARGE COMPUTERS.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: US CONGRESSIONAL HEARINGS, AMENDMENTS, BUY AMERICAN, LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON04196
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780116-0893
Format: TEL
From: LONDON USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780366/aaaacdztel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8a53cec6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 61254
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3326164
Secure: OPEN
Status: NATIVE
Subject: TESTIMONY FOR HEARING ON "BUY AMERICAN" BILL
TAGS: ETRD, PGOV, UK, US
To: STATE BONN
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8a53cec6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014